

E-DP MARKETING PRIVATE LIMITED

Authority for Advance Ruling — Madhya Pradesh

05/2019 dated 02/05/2019

Q Questions Before the Authority

- Whether the Applicant/importer is again required to pay IGST on the component of ocean freight under RCM mechanism on deemed amount which will amount to double taxation of IGST on deemed component of ocean freight of the imported goods?

F Facts

The applicant is engaged in the trading of edible oils and imports crude soyabean oil on a CIF basis. Under this arrangement, the ocean freight is included in the price of the imported goods paid to the foreign seller. The applicant sought a ruling on whether they are liable to pay IGST on ocean freight under the Reverse Charge Mechanism (RCM) despite it already being part of the CIF value on which IGST is paid at the time of import.

H Ruling

Liability to pay IGST on ocean freight under RCM

Yes, the applicant is liable to pay IGST

Irrespective of the ocean freight component being part of the CIF value

The Authority ruled that the applicant is liable to pay IGST on ocean freight paid on imported goods under the Reverse Charge Mechanism. This liability exists irrespective of the fact that the ocean freight component is already included as part of the CIF value of the imported goods.

R Reasoning

The Authority relied on Notification No. 10/2017-Integrated Tax (Rate) and Notification No. 8/2017-Integrated Tax (Rate) read with the Corrigendum dated 30.06.2017. It observed that these notifications explicitly define the taxable value of ocean freight as 10% of the CIF value for the purpose of RCM. The Authority stated it lacks jurisdiction to challenge the constitutional validity of these notifications. Consequently, it concluded that the law as laid down in the notifications is binding and mandates the payment of IGST on ocean freight under RCM.

P Provisions Relied On

Section 97(2) of the CGST Act, 2017

Notification No. 10/2017-Integrated Tax (Rate) dated 28th June, 2017

Notification No. 8/2017-Integrated Tax (Rate) dated 28th June, 2017

Corrigendum dated 30.06.2017



For the Practitioner

This ruling confirms that the **double taxation** of ocean freight under RCM and as part of the CIF value is mandated by the current notification framework. It serves as a reminder that the Authority for Advance Ruling will not entertain challenges to the **constitutional validity** of notifications. Practitioners should advise clients that the liability to pay IGST on ocean freight under RCM remains **mandatory** regardless of the CIF valuation.

Source

Summary prepared from the published order, which is a scanned document. It is a reading aid and not the authority: where the two differ, the order governs. Verify every provision against the original before relying on it.

Original order: www.gstcouncil.gov.in -> [mp-05-2019-e-dp_marketing_pvt._ltd.pdf](#)

Prepared 20-10-2026.

About Patron Accounting LLP

Patron Accounting LLP is a CA and CS-led accounting and compliance firm working with businesses across India since 2019 — bookkeeping, GST, income tax, payroll, company and LLP compliance, audit and the certificates banks and regulators ask for.

Pune (HQ)

RTC Silver, B4-708, Sai Satyam Park, Wagholi, Pune, Maharashtra 412207

Delhi

3rd Floor, B-6/154-155, Sector 5, Rohini, Delhi 110085

Ahmedabad

Phoenix Tower, 1107, near Commerce Six Road, Drive In Road, Navrangp...

Mumbai

104, Rajshila Building, 597 J.S.S. Road, Marine Lines, Mumbai 400002

Gurugram

Pioneer Urban Square, B109, Golf Course Ext Road, Sector 62, Gurugram...

Talk to us: **+91 94594 56700** | sales@patronaccounting.com | patronaccounting.com